

3Q FY26 Earnings Script

Olga

Slide 1

- Hello everyone, this is Olga Levinzon, Coty's Senior Vice President of Investor Relations
- Thank you for joining us today for the prepared remarks portion of Coty's third quarter fiscal 2026 earnings
- On Wednesday, May 6th, 2026, at approximately 8:00 AM Eastern Time or 2:00 PM Central European Time, we will hold a separate, live Q&A session on our results, which you can access via our Investor Relations website

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- Joining me for our presentation are Markus Strobel, Coty's Executive Chairman of the Board and Interim Chief Executive Officer, and Laurent Mercier, Coty's Chief Financial Officer
- Before I hand the call over to Markus, I would like to remind you that many of the comments today may contain forward-looking statements
- Please refer to Coty's earnings release and the reports filed with the SEC where the Company lists factors that could cause actual results to differ materially from these forward-looking statements
- In addition, except where noted, the discussion of Coty's financial results and Coty's expectations reflect certain adjustments as specified in the non-GAAP financial measures section of the company's release
- Thank you, I will now turn it over to our Executive Chairman and Interim Chief Executive Officer, Markus

Markus

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- Thank you, Olga

- Hello everyone, thank you for joining us today
- Before I discuss our results for the quarter, I want to take a moment to thank our colleagues around the world, many of whom I've had the pleasure of meeting in recent months, for their continued dedication and hard work on behalf of Coty
- I also want to acknowledge our colleagues, retail partners, and suppliers in the Middle East who have been affected by the conflict in the region. Your safety and well-being remain our top priority, and we are deeply grateful for all that you do

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- Now, let me begin by walking through the sales and sell-out trends in the quarter
- Overall, while the environment remains mixed, our focus is squarely on underlying sell-out trends across the portfolio, including:
 - Areas where we are seeing resilience
 - Areas where we see pressure, where sell-out trends remain challenged and we are not yet performing at the level we expect; and
 - The actions we are taking, including tighter prioritization, sharper allocation of resources, and a continued shift toward supporting fewer, higher-impact core initiatives, to improve performance over time
- Importantly, we remain focused on sell-out
- As we see sell-out improve, we expect sell-in to follow, and that principle will guide how we manage the business, particularly in a more volatile, uncertain environment

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- Turning to our Q3 results, Coty's like-for-like sales declined 7% in the quarter
- Importantly, this includes an estimated 1.4% negative impact from the Middle East, driven by the escalation of the conflict during the quarter
- Excluding that impact, our like-for-like sales were in line with the guidance we previously shared

- The reason the Middle East impact is more pronounced for Coty is primarily portfolio and channel mix
- The region represents a mid-single-digit percentage of our total sales, including local Travel Retail, and given fragrances are a dominant category in the Middle East, we are seeing a more sizeable impact on our Prestige business
- The disruption to the Middle East region had a larger effect on our near-term trends because we had anticipated stronger Middle East growth this quarter
- As the conflict in the Middle East continues, we expect it to remain a headwind to sales in the near term, particularly in Prestige
- That said, it is important to look beyond the reported top line and focus on the underlying category and sell-out trends across the portfolio, which we'll walk through next

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- Let me now put our performance in the context of the broader beauty market
- Beauty demand remained resilient across Prestige and Mass despite a mixed macro backdrop
- In Prestige, the global beauty market grew approximately 5% in Q3, and 4% year-to-date, reflecting continued strength in core beauty categories
- Importantly, the growth in Prestige fragrances continues to be fueled by a good balance of volume growth and price/mix growth
- In Mass Beauty, the market also continued to grow, at approximately 5% in Q3 and 4% year-to-date
- As you can see, the category continues to grow overall, underscoring the opportunity to improve our own execution

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- Turning to our Prestige performance

- Prestige sell-out was slightly positive in Q3, indicating continued consumer interest in our brands even as reported sales were pressured
- On the revenue side, Prestige like-for-like sales declined 5% in the quarter
- This includes an estimated 2-point headwind from the Middle East
- Excluding that impact, Prestige like-for-like sales were in line with our expectations
- From a sell-out perspective, performance was mixed by category
- We saw strong momentum in Prestige cosmetics in the U.S., while Prestige fragrance sell-out declined modestly
- The gap between our Prestige sell-out and LFL sales was driven by a combination of three factors
- First, the estimated 2% impact of the Middle East conflict on our orders late in Q3
- Second, the promotional environment
- And third, more moderate sell-in in Q3 following a somewhat softer holiday period, even as our data tracking suggests that the structural retailer destocking is largely completed
- We are also encouraged by recent innovation, including BOSS Bottled Beyond, Cosmic Kylie Jenner Intense, and early positive reads on the recent launch of Calvin Klein Euphoria Elixir
- At the same time, our focus is not simply on launching innovation, but on ensuring that innovation drives stronger incrementality and a broader halo on our core franchises as we move into FY27

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- Turning to Consumer Beauty
- In the third quarter, sell-out trends showed some improvement, reflecting early progress across parts of the portfolio, though that performance remains uneven
- In Q3, Consumer Beauty sell-out declined by approximately 3%, while like-for-like sales declined 10%
- While our sell-out performance continues to trail the market, the gap has gradually narrowed, driven primarily by our color cosmetics brands

- In the U.S., CoverGirl and Sally Hansen are outperforming the category on a unit basis and narrowing the gap on a value basis
- Our European brands remain under pressure
- At the same time, lifestyle fragrance was a larger drag in both Q3 and year-to-date, reflecting a portfolio where, historically, priorities and resources were spread across too many initiatives, limiting consistency and impact
- For the division, a large part of the gap between Q3 LFL sales and Coty's sell-out reflects actions we have taken to streamline under-scale launches and markets in mass cosmetics, including exiting small, sub-scale markets that were not meeting our profitability thresholds
- These actions are impacting our year-over-year shipments trends but are supporting some sequential improvement in our sell-out trends through more concentrated resource allocation and organizational focus
- While performance remains a work in progress, the more recent sell-out trends indicate that we are moving in the right direction, even as results may fluctuate month to month
- With that, let me hand the call over to Laurent, who will walk you through our financial results and outlook

Laurent

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- Thank you, Markus
- As Markus outlined, we are navigating a complex external environment, while in parallel working to instill greater focus and operational discipline across the organization
- I'll now walk you through our financial results for the third quarter, and then will provide an update on our outlook

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- Turning now to gross margin
- In the third quarter, our adjusted gross margin was 61.8% in Q3, down 250 basis points

- On a year-to-date basis, adjusted gross margin was 63.6%, down 200 basis points
- Importantly, this performance was in line with our expectations, given the operating environment and the mix dynamics we discussed last quarter
- The primary drivers of the year-on-year gross margin decline in the quarter were threefold:
 - First, supply chain cost under absorption given the sales declines, particularly in Consumer Beauty
 - Second, higher excess and obsolescence, largely reflecting smaller-scale Consumer Beauty initiatives that did not meet expectations, and where we are now taking decisive action to streamline future initiatives
 - And third, tariff and freight headwinds, which continue to impact input costs across the business
- Looking ahead, given the current macroeconomic and market backdrop, we expect these pressures to persist into the fourth quarter, though we anticipate some moderation in the headwinds year-on-year as the benefits of increased focus and simplification begin to flow through

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- Turning to EBITDA and EPS
- In the third quarter, adjusted EBITDA and adjusted EPS, excluding the equity swap, came in ahead of our Q3 guidance
- That said, it is important to be clear that performance remains weak in absolute terms, and we are not satisfied with the current level of profitability
- While we outperformed expectations this quarter, there is still meaningful work to do to strengthen operational control and execution across the business
- We continued to invest to support our core brands and franchises, with A&CP remaining in the high-20s as a percentage of sales
- Adjusted EBITDA in the quarter declined year-on-year, primarily reflecting topline pressure and lower gross margins

- Relative to our guidance, our adjusted EBITDA upside came from better execution on fixed cost reduction, and the decision to re-allocate some A&CP towards key Q4 consumption events
- We are making progress against our transformation program announced in April 2025, including in headcount reduction, which is supporting our cost control efforts
- Adjusted EPS excluding the equity swap declined to 2 cents
- As we look ahead, our focus remains on improving execution, tightening operational control, and building more consistent profitability over time

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- Let me now walk you through our adjusted EBITDA delivery by division
- Starting with Prestige, adjusted EBITDA declined year-on-year in the quarter, reflecting topline pressure and lower gross margins driven by low fragrance shipments and higher tariffs, coupled with the mechanical impact on fixed costs from lapping the bonus accrual release in the prior year
- That said, Prestige continues to demonstrate a relatively solid EBITDA margin structure, supported by the strength of the category, the scale of our core franchises, and disciplined cost management
- Turning to Consumer Beauty, Consumer Beauty adjusted EBITDA was under significant pressure in Q3
- This was driven almost entirely by gross margin headwinds, some of which were more temporary in nature
- Three main factors drove the Consumer Beauty gross margin decline
 - First, supply chain cost under absorption given the sales declines
 - Second, pressure from higher excess and obsolescence, reflecting the impact of lower-scale initiatives that were launched in the past 1-2 years that did not meet expectations
 - And three, impact from tariff costs

- Taken together, these factors explain the Consumer Beauty EBITDA performance you see on this slide
- As you may have seen in our press release, Consumer Beauty reported results included a \$363 million impairment charge
- Following the significant decline in the Coty's share price over the last three months, we recorded this impairment charge, reflecting a reduction in the carrying value of the business driven by lower forecasted revenues and a higher weighted average cost of capital
- As we look ahead, we see clear levers to moderate the pressure on Consumer Beauty profitability in FY27, driven by improved mix, tighter execution, and better absorption, which Markus will discuss in more detail later on this call

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- In Q3, we generated fixed cost savings of over \$15 million, in addition to over \$50 million in productivity savings
- Importantly, we are making progress against our transformation program announced in April 2025, including a headcount reduction of over 400 positions year-to-date, on track to meet our targets laid out when we announced the program
- We continue to expect about \$200 million in cumulative FY26 savings, with additional savings in FY27, as we further improve cost efficiency while maintaining investment behind key priorities

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- Let me now turn to capital allocation and our balance sheet priorities
- Deleveraging remains our number one capital allocation priority in the near term
- Year-to-date, we generated \$276 million of free cash flow, an increase of \$33 million, or 14% year-on-year, supported by continued focus on cash generation, and discipline around working capital and cap ex, even in a more challenging operating environment

- As a result, we exited the third quarter with leverage of approximately 3.4 times, and we remain firmly committed to continuing to reduce leverage toward 2x over time, with the objective of achieving and sustaining an investment-grade credit profile
- In parallel, we continue to take a disciplined and selective approach to portfolio and asset evaluation, always with a focus on maximizing long-term shareholder value and strengthening the balance sheet

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- Let me now walk you through our outlook for the fourth quarter

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- Consumer demand in key beauty categories has remained resilient, particularly in fragrances and cosmetics
- While the Middle East conflict continues to weigh on sales trends in the region, consumer demand in developed markets has remained broadly consistent with recent periods
- Against this backdrop, we are steadily implementing our Coty.Curated strategic framework, focusing on core brands and markets, reducing complexity across the portfolio, and identifying savings opportunities across the P&L to support both increased consumer engagement and profit protection
- We expect fourth-quarter FY26 like-for-like revenues to decline by a mid-single-digit percentage
- This assumes a moderate sequential improvement in both divisions from easier prior year comparisons, largely offset by ongoing Middle East headwinds that we estimate will reduce Q4 sales by 2% to 3%
- On a reported basis, we expect foreign exchange to be broadly neutral in the quarter
- Gross margin is expected to decline by approximately 100 to 200 basis points year-on-year, reflecting operating deleverage from lower shipments, tariff impacts, and

elevated, though sequentially lower excess and obsolescence, partially mitigated by productivity initiatives and procurement actions

- We anticipate FY26 adjusted EBITDA of approximately \$838 to \$848 million, with an adjusted EPS, excluding the equity swap, of 33 to 35 cents
- Q3 profit came in ahead of guidance, supported by tight control over both marketing and fixed costs, which is allowing us to protect investments during key Q4 commercial periods, particularly Mother's Day and Father's Day
- Based on this cadence, we estimate Q4 adjusted EBITDA of \$85 to \$95 million and adjusted EPS, excluding the equity swap, of breakeven to a loss of 2 cents per share
- Overall, while the near term continues to reflect many of the same challenges outlined on our last earnings call as well as some new macroeconomic challenges, our outlook reflects a measured and realistic view as we close out the fiscal year

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- Before I turn it back to Markus, let me briefly frame how we are thinking about FY27 at a very high level
- First, we have targeted, incremental launch activity planned in FY27, and importantly, this innovation is deliberately designed to support and strengthen our core franchises, rather than add complexity
- Our focus is on fewer, higher impact launches that support our core franchise, reinforce brand equity, improve mix and drive more productive performance in the core business across both divisions
- As we plan for FY27, we are mindful of cost headwinds that could affect our cost of goods sold, particularly those linked to the Middle East conflict and elevated oil prices, and we are building those considerations into our planning assumptions
- Next, we expect a normalization in incentive compensation, including the restoration of the bonus accrual, which will be an important year-on-year factor in the cost base

- And finally, we are identifying additional fixed cost savings opportunities, with the objective of improving the underlying cost structure while maintaining a balanced approach to growth and profitability
- Stepping back, this is not about providing concrete guidance, it is about being transparent on the key building blocks and challenges we are focused on as we work to position the company for more consistent performance over time
- Now let me turn it back over to Markus

Markus

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- Thank you, Laurent

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- In February, I introduced our new strategic framework, Coty.Curated
- At its core, this means FOCUSED INVESTMENT and SHARPER PRIORITIES
- Coty.Curated is about scaling what works, stopping what dilutes and removing layers that slow execution
- Applying this framework to the Coty business means disciplined execution, operational effectiveness and sufficient, multi-year marketing support

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- Let me now bring the Coty.Curated framework to life through four clear lenses which we are beginning to implement already
- First, innovation. We have identified the Prestige priorities that can have the greatest impact in FY27, which means making deliberate choices
- We will significantly reduce the number of smaller launches so we can concentrate our resources behind the initiatives with the strongest potential to scale and create meaningful halo effects across the portfolio

- Second, advocacy. One of the clear lessons for me is that too much of our spending has gone into asset creation, and not enough into the consumer-facing support
- In FY27, we will be stepping up consumer engagement spending, with a sharper focus on advocacy, influencers, and working media
- This will be funded in part by lower marketing asset production costs, including broader use of AI in content creation for owned brands, alongside procurement savings
- Third, we will become much more sell-out driven as an organization
- Our north star is consumer demand, not just shipping products into the trade
- That means re-orienting the company around market share, retail productivity, and sell-out, because when sell-out works, sell-in follows
- We also need to step up the quality of joint business planning with our key retailers
- We have begun to systematically reinforce this in all of our business reviews, as the most critical KPI for the organization
- And fourth, the ROI lens
- We are moving skincare out of the investment phase of the last few years
- This means sharpening our focus on the core markets, franchises, and channels of our two prestige skincare brands, Lancaster and Philosophy, while in parallel exiting all of the operations and boutiques of the Orveda brand
- Put simply: fewer, bigger bets; more effective consumer activation; stronger sell-out discipline; and a much harder focus on ROI
- That is what Coty.Curated means in practice, and we will continue to share both our progress and additional action steps in the coming quarters

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- Let me give a tangible example focused on the U.S. market, which is emblematic of broader Coty with regards to what's working, what's not working yet, and what we will be gradually fixing

- The U.S. is our largest individual market, accounting for roughly a quarter of our sales, and our underperformance in this market drove the vast majority of the sales pressure in FY25
- Entering FY26, the Coty organization made deliberate interventions and choices in the U.S. prestige market
- This included:
 - Allocating more marketing support to the region
 - Building on iconic franchises like Burberry Her, Burberry Goddess and Gucci Flora
 - Launching unique exclusives like Marc Jacobs Daisy Murakami and expanding new brands in the market, specifically Hugo Boss
 - And amplifying our prestige makeup range, led by Kylie Cosmetics
- While these efforts returned our Prestige business to moderate growth in Q3, with our sell-out growing 2%, this is still several points below the market level, and also below the growth we had targeted for the U.S. at the start of the year
- There are some things which have worked well
- The distinctive packaging of Marc Jacobs Daisy Murakami has driven strong consumer engagement, causing the collection to sell-out
- Kylie Cosmetics continues to perform strongly in the U.S. and globally, supported by core franchises like Kylie lip kits and momentum behind the Skin Tint Blurring Elixir foundation
- On the flip side, more traditional fragrance extensions like Burberry Goddess Parfum and Gucci Gardenia Intense have not cut through, with consumers gravitating towards new pillars and truly distinctive offers
- Our U.S. channel strategy is also mixed
- We are performing well with two key retailers, Ulta and Amazon, and continue to see opportunities to improve our approach with Macy's and Sephora
- Over the coming year, we will put in place more elements needed to compete more effectively in the CY26 holiday season, including more distinctive launches, stronger

advocacy, tailored retailer plans and further momentum in Prestige makeup with Kylie Cosmetics and Marc Jacobs

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- Let me now turn to Burberry, which is one of the clearest examples of what a focused, disciplined prestige playbook can deliver
- Over the past several years, we have built Burberry into a true pillar of the Coty portfolio, and the progress here is very tangible
- Between FY19 and FY25, we grew Burberry brand sales 2.6x, with retail sales quadrupling over the same period, reflecting substantial progress for the brand
- What is especially encouraging is that this growth is not coming from one single hero product
- Coty has built three core fragrance franchises — Burberry Her, Burberry Hero, and Burberry Goddess — with all three entering the Global Top 20 in the last few years, whereas the brand did not have any Top 20 franchises prior to 2022
- At the same time, in the increasingly competitive fragrance market, it's clear that we need a more disruptive approach to story-telling, consumer engagement and packaging to take these three franchises to the next level
- Burberry makeup also delivered strong growth off of a smaller base, as we activate key products like the Burberry Brit lip veil and Beyond Wear foundation
- Burberry is a good example of where Coty's capabilities in innovation and execution are working
- Our next step now is to keep amplifying both fragrance and makeup with the same principles I've been talking about today: focus on the core, support the winning franchises, and driving halo effects across the full brand, all supported by a significant increase in marketing spend and consumer engagement

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- Turning to Hugo Boss

- BOSS Bottled Beyond remains a top-ranked launch, driving share gains fiscal year-to-date for the BOSS Bottled pillar across all key markets and reinforcing Hugo Boss's leadership position in Europe, while also establishing a meaningful presence in North America, where the brand has historically had a smaller footprint
- That North America traction is particularly encouraging, as it represents a real long-term growth opportunity for us
- On the other hand, sales for the brand's 2nd largest pillar, Boss The Scent, have been under pressure over the past year
- Encouragingly, the recent activations for The Scent Male have returned this franchise to sell-out growth in the UK and France in March, and we are focused on broadening this momentum in other key markets
- Our next step is to increase investment and activations behind Boss The Scent, while continuing to support the strong performance we are seeing in BOSS Bottled

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- Next, let me turn to another core brand, Calvin Klein
- This year we increased our innovation and activation behind the brand, beginning the launch of a mist collection and followed by the recent Calvin Klein Euphoria Elixir launch
- We are still in the early stages of the Euphoria Elixir launch, but the initial indicators are positive in Europe and Travel Retail Americas, with sell-out for the total Calvin Klein brand returning to growth in March
- In the U.S., we are encouraged to see that total CK female is growing, including a new and incremental rollout at Ulta
- Importantly, the launch is attracting Gen Z & Millennial consumers to the brand

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- Turning to Kylie Cosmetics, which continues to perform strongly in our Prestige portfolio

- In makeup, we saw very strong performance with like-for-like sales increasing over 50% in Q3, reflecting strong consumer engagement with the brand's lip products and the continued viral success of the Skin Tint Blurring Elixir
- In fragrances, Kylie is gaining share across both Europe and North America, supported by successful innovation in both the current and prior year, including the brand's most recent innovation, Cosmic Kylie Jenner Intense
- And importantly, Kylie Cosmetics was also named **2025 Cosmetics Brand of the Year** by Ulta Beauty, reflecting the brand's strong resonance with consumers and retail partners

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- Turning to Marc Jacobs
- We are seeing continued momentum in key franchises like Perfect and Daisy, coupled with strong consumer demand for the Daisy Murakami collection
- As a result, in the third quarter, Marc Jacobs delivered high-single-digit like-for-like sales growth, with double-digit sell-out growth in the U.S. fiscal year-to-date
- Looking ahead, makeup under Marc Jacobs Beauty is set to launch in June 2026, which will allow us to expand the brand into multi-category distribution
- Importantly, this expansion is designed to be incremental, leveraging existing brand equity while maintaining focus on execution and profitability
- We are also seeing continued benefits from the Amazon launch in July 2025, which has driven incremental growth and market share gains, while creating a halo effect across the broader Marc Jacobs brand, both online and in brick-and-mortar channels

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- Turning to Chloe, which continues to resonate well in both Europe and Asia Pacific
- Chloe remains a Top 20 female fragrance brand in Europe, supported by the Chloe Signature icon
- At the same time, Chloe Atelier des Fleurs is strengthening its position in the ultra-premium fragrance segment in Asia Pacific

- We are building on this momentum with the recent launch of Les Essences Méditerranéennes
- Early response to the launch in China has been encouraging, including a number 6 ranking at Sephora China in March and strong social engagement
- We believe this dual-region, dual-price-tier approach gives us room to continue building the brand over time
- In sum, there are very few beauty players capable of building successful multi-category and multi-price-tier global beauty brands like we have done with Kylie, Burberry, Chloe and soon Marc Jacobs
- And we intend to continue to amplify these brands by prioritizing fewer, higher-impact initiatives, maintaining consistent support behind the core, and ensuring that innovation delivers a broader halo across the brand over time

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- Let me also touch on what we're seeing in fragrance mists
- Mists continue to grow and, importantly, they are incremental to the portfolio
- The mists we've launched under several of our Prestige fragrance brands are bringing new, younger consumers, particularly Gen Z, into our brands
- In fact, Calvin Klein mists ranked number four in Europe on a year-to-date basis as of March, which gives us confidence in the relevance of the format and the way we're activating it
- From a profitability standpoint, gross margins on mists are comparable to our broader Prestige division, which reinforces that this is a complementary sub-category that supports the core franchise

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- As we sharpen focus and execution in Prestige, we are also advancing Color the Future to improve our Consumer Beauty cosmetics business

- As a reminder, Consumer Beauty Cosmetics accounts for around 20% of our sales, and over the last eight months Gordon and his team have been developing and implementing the Color the Future program, which applies the principles of our Coty.Curated strategic framework to the cosmetics business
- The program has begun to show improving sell-out trends relative to the market
- At present the better trends are primarily in the U.S., but the goal is to leverage the successful elements to the global mass cosmetics portfolio
- This playbook includes:
 - First, consistent media support behind iconic franchises, reversing a historical tendency to shift media support from one product to another, with an overemphasis on newness as opposed to hero pillars
 - Second, more impactful innovation, as we deliberately narrowed our spring innovations and amplified our seeding program with influencers
 - And third, refocusing on the core cohorts of our brands, Millennial and Gen X consumers, who still remain the dominant force in the mass makeup category, accounting for 70% of category sales
- Building on our objective to focus our efforts on fewer but more impactful initiatives, we have already significantly reduced the number of SKUs in our Spring 2026 innovation bundles, while in parallel boosting our productivity per SKU
- We are also on track to launch 15% fewer innovation SKUs in the Fall 2026 bundles
- In addition to improving sales trends, we are focused on materially improving Consumer Beauty profitability after a weak FY26
- We are targeting improvement in FY27 Consumer Beauty profitability through a number of levers, including:
 - Lower excess and obsolesce via improved planning & fewer low-volume initiatives
 - Second, over \$10 million reduction in asset production costs, in part through AI deployment
 - And third, designing a lean and efficient operating model, across R&D, manufacturing, marketing and sales

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- The operational changes we began to implement are starting to support better trends
- As mentioned, the U.S. has been our lead market in implementing our Color the Future playbook, and this where we have seen the most positive reversal in trends
- As we've returned to a steadier support model for core brand pillars including CoverGirl Lash Blast mascara and Simply Ageless face makeup, honed our activations behind a few key launches, and doubled down on strategic retailers like Walmart and Amazon, we've seen encouraging progress
- CoverGirl's sell-out has improved significantly from an 8% decline in the past year to just a slight decline in the last 3 months, significantly reducing the gap to market
- Of course, we are not done yet, as our aim is to return CoverGirl to sales and sell-out growth, particularly in the now healthier growing mass cosmetics market
- Encouragingly, CoverGirl is now outperforming the U.S. mass cosmetics category in unit terms, which is an important measure, given the significant pricing some peers have taken in the last 6 months

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- The recent Sally Hansen trends in the U.S. are stronger
- Sally Hansen's sell-out has reversed from a 6% decline in the last year, to now 4% sell-out growth in the past 3 months and 9% growth in the past month, almost inline with the nail category
- And on volumes, Sally Hansen is now strongly outperforming the category

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- While much of this trend improvement is fueled by the hero pillars, more impactful innovation is playing a role as well
- Recent CoverGirl innovations, particularly the Skin Enhancer Baked Blushes and Wrap Mascara, are performing ahead of our initial expectations

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- I also want to touch on mass fragrances, where our year-to-date performance reflects the consequences of too much complexity
- Overall, mass fragrance sales have declined year-to-date
- The multiple under scale and fragmented mass fragrance initiatives that Coty launched in recent years diluted organizational focus, stretched resources too thin, and did not deliver the scale or consistency we should expect from such a profitable, high growth category
- That said, with brands where we have focus and scale, the results are much different
- Our largest global brand, adidas fragrances, continues to growth in Q3 and year-to-date, supported by the adidas Vibes collection
- We're also encouraged by the momentum behind Jawhara, an internally developed brand, which is performing well across multiple markets
- Looking ahead, we are refocusing mass fragrances on our core brands and priority markets, simplifying the portfolio and reallocating resources toward initiatives that can scale and deliver more consistent returns
- This is very much, purposefully aligned with our broader Coty.Curated strategic framework, as we make deliberate choices to reduce complexity and ensure that our investments position us to perform sustainably over time

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- Let me close with what Coty.Curated really means in action
- It means refocusing on the core — our core brands, our core markets, and the initiatives that can have the greatest impact
- It also means making harder choices
- We will do fewer things, but we will do them better
- We will back the winners, reduce complexity, and make sure our investments are strong enough and sustained enough to create real impact, all of which will take time

- So while we do expect gradual improvement in sales trends into Q4 and beyond, this will not be linear and it will not happen overnight
- At the same time, the opportunity in this business is significant, as few in the industry can rival the power of our brands, our top notch know-how in fragrances, the scale of our manufacturing and of our global reach
- Similarly, very few beauty players have a proven track record of scaling global beauty brands with a multi-category and multi-price-point portfolio approach
- We are already seeing early signs that sharper focus is helping in parts of Prestige, Consumer Beauty, and key growth channels
- These are early green shoots, not end results, but they are encouraging
- And finally, this is about unlocking savings to reinvest for growth and profit
- We want to simplify the business, free up resources, and put more of that money behind the brands and activities that strengthen sell-out, market share, and long-term profitability
- So the message is balanced and simple:
 - There is a lot of opportunity in our business, and there is a lot of work to do
 - We are moving in the right direction, but it will take discipline and consistency
- I am confident Coty will improve over time as we execute with greater focus and discipline